

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

SOUTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY
SHELBY COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED
03/14/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Teresa Woods Salli S. Rooks	07-01-04 to 09-30-05 10-01-05 to 06-30-07
Superintendent of Schools	Cathy Egolf Ted Thompson Dr. Terry R. Sargent	07-01-04 to 06-30-06 07-01-06 to 08-10-06 08-11-06 to 06-30-07
President of the School Board	Linda Isgrigg Michael Burbrink	07-01-04 to 06-30-06 07-01-06 to 06-30-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

We have examined the financial information presented herein of the Southwestern Consolidated School District of Shelby County (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 1, 2007

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,096,786
<u>Net Assets</u>	
Unrestricted	<u>\$ 2,096,786</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,367,089
Restricted assets:	
Cash and investments	<u>256,873</u>
Total assets	<u>\$ 1,623,962</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 256,873
Unrestricted	<u>1,367,089</u>
Total net assets	<u>\$ 1,623,962</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 2,103,581	\$ -	\$ 43,005	\$ (2,060,576)
Support services	3,512,832	248,884	48,120	(3,215,828)
Community services	42,428	-	-	(42,428)
Nonprogrammed charges	838,675	-	-	(838,675)
Debt service	3,715,279	-	-	(3,715,279)
Total governmental activities	<u>\$ 10,212,795</u>	<u>\$ 248,884</u>	<u>\$ 91,125</u>	<u>(9,872,786)</u>
General receipts:				
Property taxes				4,007,107
Other local sources				528,108
State aid				2,548,297
Grants and contributions not restricted				211,167
Bonds and loans				2,311,462
Sale of property, adjustments, and refunds				26,767
Investment earnings				21,635
Intergovernmental transfers				<u>223,478</u>
Total general receipts and intergovernmental transfers				<u>9,878,021</u>
Change in cash and investments				5,235
Net assets - beginning				<u>2,091,551</u>
Net assets - ending				<u>\$ 2,096,786</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 2,057,436	\$ -	\$ 32,810	\$ (2,024,626)
Support services	3,999,234	260,248	70,661	(3,668,325)
Community services	48,439	-	-	(48,439)
Nonprogrammed charges	466,689	-	-	(466,689)
Debt service	1,477,329	-	-	(1,477,329)
Total governmental activities	<u>\$ 8,049,127</u>	<u>\$ 260,248</u>	<u>\$ 103,471</u>	<u>(7,685,408)</u>
General receipts:				
Property taxes				3,527,858
Other local sources				680,488
State aid				2,566,536
Grants and contributions not restricted				191,634
Sale of property, adjustments, and refunds				28,233
Investment earnings				62,032
Intergovernmental transfers				<u>155,803</u>
Total general receipts and intergovernmental transfers				<u>7,212,584</u>
Change in cash and investments				(472,824)
Net assets - beginning				<u>2,096,786</u>
Net assets - ending				<u>\$ 1,623,962</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 2,177,101	\$ 652,105	\$ 771,368	\$ 797,954	\$ 47,082	\$ 6,980	\$ 352,791	\$ 4,805,381
Intermediate sources	146	-	-	-	-	-	206	352
State sources	2,579,871	-	-	-	-	-	44,895	2,624,766
Federal sources	-	-	-	-	-	-	225,824	225,824
Bonds and loans	809,462	167,000	85,000	-	-	1,235,000	15,000	2,311,462
Sale of property, adjustments and refunds	13,636	82	-	1,788	-	-	11,260	26,766
Intergovernmental transfers	130,000	30,000	30,846	-	-	-	32,632	223,478
Total receipts	<u>5,710,216</u>	<u>849,187</u>	<u>887,214</u>	<u>799,742</u>	<u>47,082</u>	<u>1,241,980</u>	<u>682,608</u>	<u>10,218,029</u>
Disbursements:								
Current:								
Instruction	1,976,716	-	-	-	-	-	126,865	2,103,581
Support services	1,801,436	485,542	-	455,853	-	369,345	400,655	3,512,831
Community services	41,794	-	-	-	-	-	634	42,428
Nonprogrammed charges	491,284	30,000	191,017	89,678	-	-	36,696	838,675
Debt services	2,549,707	338,135	773,053	-	-	-	54,384	3,715,279
Total disbursements	<u>6,860,937</u>	<u>853,677</u>	<u>964,070</u>	<u>545,531</u>	<u>-</u>	<u>369,345</u>	<u>619,234</u>	<u>10,212,794</u>
Excess (deficiency) of total receipts over (under) total disbursements	(1,150,721)	(4,490)	(76,856)	254,211	47,082	872,635	63,374	5,235
Cash and investments - beginning	<u>1,683,738</u>	<u>111,466</u>	<u>76,856</u>	<u>77,352</u>	<u>39,669</u>	<u>-</u>	<u>102,470</u>	<u>2,091,551</u>
Cash and investments - ending	<u>\$ 533,017</u>	<u>\$ 106,976</u>	<u>\$ -</u>	<u>\$ 331,563</u>	<u>\$ 86,751</u>	<u>\$ 872,635</u>	<u>\$ 165,844</u>	<u>\$ 2,096,786</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 1,998,229	\$ 541,647	\$ 875,031	\$ 694,973	\$ 25,689	\$ 8,065	\$ 386,780	\$ 4,530,414
Intermediate sources	98	-	-	-	-	-	113	211
State sources	2,587,920	-	-	-	-	-	45,808	2,633,728
Federal sources	-	-	-	-	-	-	227,914	227,914
Sale of property, adjustments and refunds	9,167	541	-	2,690	-	4,309	11,526	28,233
Intergovernmental transfers	1,424	100,000	-	43,478	-	-	10,901	155,803
Total receipts	<u>4,596,838</u>	<u>642,188</u>	<u>875,031</u>	<u>741,141</u>	<u>25,689</u>	<u>12,374</u>	<u>683,042</u>	<u>7,576,303</u>
Disbursements:								
Current:								
Instruction	1,935,279	-	-	-	-	-	122,157	2,057,436
Support services	1,766,014	479,124	-	402,390	38,900	842,519	470,287	3,999,234
Community services	48,016	-	-	-	-	-	423	48,439
Nonprogrammed charges	308,607	-	30,846	101,200	-	-	26,036	466,689
Debt services	656,000	167,000	600,570	-	-	-	53,759	1,477,329
Total disbursements	<u>4,713,916</u>	<u>646,124</u>	<u>631,416</u>	<u>503,590</u>	<u>38,900</u>	<u>842,519</u>	<u>672,662</u>	<u>8,049,127</u>
Excess (deficiency) of total receipts over (under) total disbursements	(117,078)	(3,936)	243,615	237,551	(13,211)	(830,145)	10,380	(472,824)
Cash and investments - beginning	<u>533,017</u>	<u>106,976</u>	<u>-</u>	<u>331,563</u>	<u>86,751</u>	<u>872,635</u>	<u>165,844</u>	<u>2,096,786</u>
Cash and investments - ending	<u>\$ 415,939</u>	<u>\$ 103,040</u>	<u>\$ 243,615</u>	<u>\$ 569,114</u>	<u>\$ 73,540</u>	<u>\$ 42,490</u>	<u>\$ 176,224</u>	<u>\$ 1,623,962</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ 8,103	\$ -
Deductions:		
Support services	<u>7,870</u>	<u>-</u>
Excess of total additions over total deductions	233	-
Cash and investments - beginning	<u>430,015</u>	<u>14</u>
Cash and investments - ending	<u><u>\$ 430,248</u></u>	<u><u>\$ 14</u></u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ 6,686	\$ 1,500
Deductions:		
Support services	55,238	1,500
Community services	-	14
Total deductions	55,238	1,514
Deficiency of total additions under total deductions	(48,552)	(14)
Cash and investments - beginning	430,248	14
Cash and investments - ending	\$ 381,696	\$ -

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	Pension Trust Funds	Private-Purpose Trust Funds
Cash and investments	\$ 430,248	\$ 14
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 430,248	\$ 14

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>
Cash and investments	\$ 381,696
	<u>381,696</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ 381,696
	<u>381,696</u>

The accompanying notes are an integral part of the financial statements.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction fund is used to account for the replacement of the school's heating, ventilating and air conditioning systems.

Additionally, the School Corporation reports the following fund types:

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit drug free education efforts and leadership training.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

Transfer From	Transfer To	2004-2005	2005-2006
General Fund	Debt Service	\$ 85,000	\$ -
General Fund	Transportation Operating	30,000	-
General Fund	Capital Projects	-	30,846
General Fund	All others	15,000	-
Transportation Operating	General Fund	30,000	-
Capital Projects	Debt Service	30,846	-
Capital Projects	Transportation Operating	-	100,000
Capital Projects	All others	12,632	-
Capital Projects	Other governmental	-	1,200
Other governmental	Other governmental	20,000	9,701
Other governmental	All others	-	14,056
Totals		<u>\$ 223,478</u>	<u>\$ 155,803</u>

The School Corporation typically uses transfers for cash flow purposes according to various statutes.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 7. Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teacher's Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 294,608	\$ 400,275	\$ (105,667)	74%	\$ 352,175	(30%)
07-01-04	315,026	448,769	(133,743)	70%	380,665	(35%)
07-01-05	343,928	453,334	(109,406)	76%	472,753	(23%)

Southwestern Consolidated School District of Shelby County

Ms. Salli S. Rooks
Treasurer

Mrs. Lyvonne Rowe
Deputy Treasurer

Dr. Terry R. Sargent
Superintendent

Mr. John E. Tarplee
Facilities Manager

Mrs. Susan G. Neville
Technology Coordinator

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS



Southwestern Consolidated School District of Shelby County
For The Year Ended June 30, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost. At this time, the School does not have any infrastructure.

Primary Government

Ending
Balance

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 59,424
Buildings	7,391,456
Improvements other than buildings	1,172,795
Machinery and equipment	753,896

Total governmental activities, capital
assets not being depreciated

\$ 9,377,571

3406 West 600 South
Shelbyville, Indiana 46176-9632
317-729-5746
Fax 317-729-5330
www.swshelby.k12.in.us

Southwestern's mission is to encourage, challenge, explore, and strive for excellence.

Southwestern Consolidated School District of Shelby County

Ms. Salli S. Rooks
Treasurer

Dr. Terry R. Sargent
Superintendent

Mr. John E. Tarplee
Facilities Manager

Mrs. Lyvonne Rowe
Deputy Treasurer

Mrs. Susan G. Neville
Technology Coordinator

**SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT**

For The Year Ended June 30, 2006

CAPITAL LEASES

The School has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Southwestern Multi-School Building Corporation (1998)	\$ 3,045,000	\$ 210,000
Southwestern Schools Improvement Building Corporation (2004)	\$ 1,970,000	\$ 65,000
Bonds payable:		
General obligation bonds:		
Outdoor athletic fields	140,000	70,000
Revenue bonds:		
Pension/Severance Bond of 2003	490,000	30,000
Total governmental activities long-term debt	\$ 5,645,000	\$ 375,000

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Southwestern's mission is to encourage, challenge, explore, and strive for excellence.

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
EXAMINATION RESULT AND COMMENT

INDEBTEDNESS – YEARBOOK FUND (APPLIES TO HIGH SCHOOL)

The Yearbook Fund on June 30, 2006, still owed \$9,870 on the 2005 yearbook, and owed \$7,680 for the 2006 yearbook which was about to be delivered. Total indebtedness was \$17,550. The Fund had a balance of only \$3,856 at June 30, 2006. The Yearbook Fund has made subsequent payments of \$4,000. School officials are currently implementing a plan to pay off the back debt and assure that each year's yearbook is self-supporting.

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2007, with Dr. Terry R. Sargent, Superintendent of Schools; Salli S. Rooks, Treasurer; and Michael Burbrink, President of the School Board. The officials concurred with our finding.